



## Commonwealth of Kentucky Public Protection Cabinet

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**FOR IMMEDIATE RELEASE**

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### **Department of Insurance Reaches Settlement to Return KSBIT Funds** ***Defunct trust will return funds to schools and cities***

**Frankfort, Ky.** (Dec. 29, 2016) – The Franklin Circuit Court has approved an agreed judgment to return funds from the defunct Kentucky School Board Insurance Trust (KSBIT) to nearly 200 Kentucky schools, colleges and education groups and to the Kentucky League of Cities Insurance Services Association (KLCIS).

Under the terms of the settlement negotiated by Department of Insurance Commissioner Brian Maynard, who serves as court-appointed rehabilitator, \$1 million will be returned immediately to schools and another \$1 million will be returned immediately to KLCIS.

"We are pleased to reach an agreement that will return money to where it belongs, Kentucky's schools and KLCIS," said Commissioner Maynard. "These important institutions have been left with uncertainty while this case was litigated, and today's settlement is a significant step toward final resolution. I applaud everyone's efforts to reach this compromise."

KSBIT's member schools and KLCIS were severely impacted by KSBIT's failure in 2013. Member schools were assessed nearly \$50 million to make up for KSBIT's shortfall, while KLCIS lost millions of dollars it had infused into KSBIT after taking over administration of the struggling insurer in 2009.

Each of the 193 schools that were assessed as part of KSBIT's failure will receive an amount proportional to the assessment each paid as KSBIT members. Schools and KLCIS stand to receive additional payments in the future if funds are available.

"Our co-op and member schools were heavily impacted by the deterioration of KSBIT, and this settlement is an important compromise that allows all parties, from large universities to small independent school districts, to receive crucial funds," said Executive Director of the Green River Regional Educational Cooperative, Tim Murley.

The agreed judgment concerns surplus notes provided to KSBIT in 2009. KLCIS provided the backing for the notes, infusing \$8 million into the insurance trust that provided workers'

compensation and property and liability insurance to KSBIT's member schools. KSBIT's failure kept the trust from repaying KLCIS on the notes.

"We are pleased to finally move past this long-standing issue that has been ongoing since I joined the Kentucky League of Citities back in 2010," said Executive Director of the KLC, Jonathan Seiner. "This agreement returns surplus to our member programs and allows us to focus our efforts on moving forward for our member cities and managing their risks safely and effectively."

Schools and KLCIS can expect to receive payments from the agreement within the next few weeks.

For more information on the Kentucky Department of Insurance, visit <http://insurance.ky.gov/>

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